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7 February 1997

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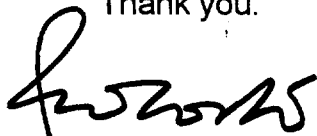
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Dear Mr. Giusti

Attached are comments of the Telecommunications Authority of Singapore on the Federal Communications Commission's Notice of Proposed Rulemaking in the matter of International Settlement Rates (IB Docket 96-261).

Please treat these comments as formal comments filed in the proceedings.

Thank you.



Valerie D'Costa  
Chief of International Affairs  
Telecommunications Authority of Singapore

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**COMMENTS OF**

## I INTRODUCTION

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## II. ACCOUNTING RATES AS A MULTILATERAL ISSUE

3. While the Notice recognises that International accounting rate system requires "a broad-based effort", the proposed *method* to revamp a complex and long-standing internationally-agreed arrangement unilaterally stands contrary to the Commission's conviction to "support the work done in international fora to reform the traditional settlement rates system".

4. Moreover, an unilateral approach may worsen traffic and settlement rate discrepancies for the rest of the countries, thus aggravating the situation the Commission seeks to correct. These discrepancies create new arbitrage possibilities and increase further economic distortions. An isolated effort towards resolving a multilateral issue will lead to greater economic dislocations, resulting in an unstable and unsustainable situation over time. In this regard, the Commission has not considered the potential problems other countries face in adjusting their settlement rates with one another.

5. This situation will be further aggravated by the Commission's proposed enforcement measures which, though directed at US carriers, would have the net effect of impinging adversely on all foreign carriers.

6. It is, therefore, far better that the reform of the traditional accounting rate system be resolved within an international multilateral framework such as that of the ITU. This is especially so since the Notice also recognises that "a multilateral consensus for reform... has emerged". ITU, the UN agency responsible for global telecommunication issues, would be a possible resolution forum. In fact, it has already established Study Group 3 whose task it has been to find appropriate mechanisms to move towards cost-based international accounting rates<sup>1</sup>

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<sup>1</sup> ITU-T Recommendation D.140 recommends to all ITU members that accounting rates should be cost-oriented and that administrations should periodically review accounting rates to ensure they reflect current cost trends. Reductions should be implemented in an expeditious but staged manner.

## V. CONCLUSION

7. While TAS recognises the need to expeditiously move towards "cost-based" settlement rates, any unilateral effort undertaken by any country leads to unstable and unsustainable situation internationally. The *method* by which settlement rates are to be aligned closer with cost should be one of an international approach with broad-based support for an endurable multilateral solution.